



**Illinois  
Central  
Gulf**

An **IC Industries** Company

RECORDATION NO. 10390-C Filed 1425

RECORDATION NO. 10390-B Filed 1425

MAY 6 1980 - 1 45 PM

MAY 6 1980 - 1 45 PM

William H. Sanders  
Corporate Counsel

RECORDATION NO. 10390-A

MAY 6 1980

Illinois Central  
Gulf Railroad

Two Illinois Center  
1233 North Michigan Avenue  
Chicago, IL 60601  
(312) 565 1600

May 2, 1980

INTERSTATE COMMERCE COMMISSION

INTERSTATE COMMERCE COMMISSION  
HONORABLE AGATHA L. MERGENOVICH

Secretary

Interstate Commerce Commission  
Washington, D. C. 20423

No. 0-127A114

Date MAY 6 1980 (10:00 AM)

Fee \$ 30.00

ICC Washington, D. C.

FEE OPERATION BR.

I.C.C.

MAY 6 1 41 PM '80

RECEIVED

Dear Ms. Mergenovich:

Pursuant to the provisions of 49 U.S.C. Sec. 11303 and the applicable regulations of the Interstate Commerce Commission, there are herewith transmitted for filing and recording a number of counterparts of three separate supplements or amendments to an Equipment Lease Agreement dated as of May 21, 1979 between McDonnell Douglas Finance Corporation and Illinois Central Gulf Railroad Company. This Equipment Lease Agreement was recorded with the Commission on May 22, 1979, Recordation No. 10390.

A draft payable to the order of the Interstate Commerce Commission for the recording fee applicable to this filing is enclosed herewith. The name of the Lessor is:

McDonnell Douglas Finance Corporation  
3855 Lakewood Blvd.  
Long Beach, California 90846

The name of the Lessee is:

Illinois Central Gulf Railroad Company  
233 North Michigan Avenue  
Chicago, Illinois 60601

The equipment covered by these supplements is 100 83-ton open hopper coal cars, numbered ICG 340600-340699 and 25 70-ton 50'6" boxcars numbered ICG 501000-501024.

It is respectfully requested that all counterparts not needed for the Commission's files be returned to the bearer of this letter with the Commission's recordation stamp shown thereon.

Very truly yours,

*William H. Sanders*  
William H. Sanders

Enc.

**Interstate Commerce Commission**  
Washington, D.C. 20423

5/6/80

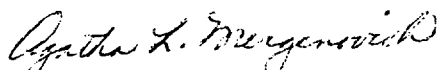
OFFICE OF THE SECRETARY

William H. Sanders  
Illinois Central Gulf  
233 North Michigan Avenue  
Chicago, Illinois 60604

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/6/80 at 1:45pm, and assigned re-recording number(s). 10390-A, 10390-B, 10390-C

Sincerely yours,

  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

SE-30  
(7/79)

LEASE ADDENDUM

MAY 6 1980 - 1 45 PM

INTERSTATE COMMERCE COMMISSION

In connection with that certain Lease Agreement dated as of May 21, 1979, (the "Lease") between McDonnell Douglas Finance Corporation as Lessor (the "Lessor") and Illinois Central Gulf Railroad Company as Lessee (the "Lessee"), this Lease Addendum shall constitute a part of said Lease with respect to the Equipment described in Exhibit "A" hereto.

If for any taxable year of Lessor (or portion thereof) during which the Lease is in effect, Lessor (such term for the purpose of this Lease Addendum meaning Lessor and the corporation with which Lessor consolidates its United States federal income tax returns) shall lose the benefit of a depreciation deduction with respect to the purchase price paid by Lessor for any item of Equipment depreciated over a period of twelve years for such item of Equipment to a net salvage value of 0, computed initially under the double-declining balance method of depreciation provided in section 167(b) (2) of the Code and then switching to the sum-of-the-years' digits method of depreciation provided by section 167(b) (3) of the Code and not less than 12 months of depreciation will be allowable to the Lessor with respect to the equipment for the taxable year ending December 31, 1980 (or, except as provided in clause (c) of this paragraph, would lose the benefit of such deduction if Lessor had sufficient gross income in the taxable year of the loss of such deduction against which to apply such deduction), as a result of any act, failure to act, omission or breach or inaccuracy of any representation or statement by Lessee of any nature whatsoever, the Lessee shall pay the Lessor (1) with respect to each taxable year for which Lessor shall lose the benefit of a depreciation deduction indemnified against by Lessee hereunder, a sum which, after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any Federal, state, or local government or taxing authority in the United States shall be equal to the amount of any additional Federal income taxes required to be paid with respect to such year (or which would have been required to be paid by Lessor for such year had it had sufficient gross income within the meaning of section 61 of the Code to actually derive the benefit of such depreciation deduction) by reason of such loss of depreciation deduction (net of any savings in Federal income taxes realized by Lessor by reason of Lessor not being required to include in its Federal gross income for the relevant period the full amount of rent paid by Lessee for such period) and (2) the amount of interest, penalties and additions to tax (including any additions to tax because of underpayment of estimated tax) which may be payable by Lessor to the United States Government in connection with the loss of such depreciation deduction, provided that the Lessee shall not be required to make any of the foregoing indemnity payments to the extent the loss of the depreciation deduction is the direct result of: (a) any event whereby Lessee is required by the terms of the Lease to pay, and shall have paid in full the Stipulated Loss Value for such item of Equipment; (b) at any time while no Event of Default is continuing Lessor shall voluntarily transfer legal title in such Equipment to a third party; (c) the failure of Lessor to have sufficient gross income within the meaning of Section 61 of the Code against which to apply such depreciation deduction (but only if and to the extent that such depreciation deduction would not be lost if Lessor had sufficient liability for tax or sufficient gross income); and (d) the failure of Lessor to claim the depreciation deduction in such tax returns for such year, if such failure to claim or follow proper procedure shall preclude Lessor from claiming the depreciation deduction.

Except as otherwise provided in the immediately following paragraph, the liability of the Lessee to make any indemnity payments hereunder shall become fixed at the time Lessor makes payment of the tax attributable to the portion of the depreciation deduction lost, or if Lessor is not required to make payment of tax with respect to the portion of the depreciation deduction lost, the date on which Lessor files its tax return for the taxable year in which such loss occurs, and shall be due and payable within 15 days after receipt by Lessee of written notice from Lessor as to the fixing of such liability. Lessee shall pay interest at the maximum rate permitted by law on any indemnity payment not made when due. In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in the loss of the depreciation deduction under circumstances which would require the Lessee to indemnify the Lessor for such loss, the Lessor hereby agrees to take such action in connection with contesting such claim as the Lessee shall reasonably request in writing, provided that: (i) within 30 days after written notice of such claim by Lessor, the Lessee shall request that such claim be contested; (ii) Lessor, at its option, may forego any and all administrative appeals, proceedings, and conferences with the Internal Revenue Service and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate forum selected by Lessor or contest in good faith such request as the Lessee shall make concerning the appropriate forum in which to proceed; (iii) prior to taking such action, the Lessee shall have furnished the Lessor with an opinion of independent tax counsel, satisfactory to Lessor, to the effect that a meritorious defense exists to such claim; (iv) Lessee shall have indemnified Lessor in a manner reasonably satisfactory to it for any liability, loss, or expenses which Lessor may incur as the result of contesting such claim, and (v) in the event Lessor shall pay the tax claimed and then seek a refund and the final determination of such claim shall be adverse to Lessor, Lessee shall pay Lessor interest at the rate of 10% per annum on the amount of the tax paid attributable to the portion of the depreciation deduction lost, computed from the date of payment of such tax to the date Lessee shall reimburse Lessor for the payment of such tax. In the case of any such claim by the Internal Revenue Service referred to above, Lessor agrees to promptly notify the Lessee in writing of such claim and agrees not to make payment of the tax claimed for at least 30 days after the giving of such notice and agrees to cooperate with Lessee in good faith in order to contest effectively any such claim. If any such claim shall be made by the Internal Revenue Service and Lessee shall have reasonably requested Lessor to contest such claim and shall have duly complied with all provisions of this paragraph, the Lessee's liability with respect to the depreciation deduction lost as a consequence of such claim shall become fixed upon final determination of the liability of Lessor for the tax claimed and after giving effect to any refund obtained; but in all other cases the liability of Lessee shall become fixed and payable as provided in the immediately preceding paragraph.

The indemnification provided herein shall survive the expiration or other termination of the Lease.

Dated as of May 2, 1980.

Seal:

Lessor:

MCDONNELL DOUGLAS FINANCE CORPORATION

By: D. J. Black

Its: Vice Pres.

Attested: C. J. [Signature]  
Assistant Secy

Seal:

Lessee:

ILLINOIS CENTRAL GULF RAILROAD COMPANY

By: Dennis J. [Signature]

Its: V.P. Treasurer

Attested: W. H. Sandy

ASSISTANT SECRETARY

STATE OF CALIFORNIA       )  
  )     SS  
COUNTY OF LOS ANGELES    )

On this 2d day of May, 1980, before me personally appeared Don V. Black, to me personally known, who, being by me duly sworn, says that he is Vice-President, Commercial and Industrial Financing of McDonnell Douglas Finance Corporation that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

N. S. Colapietro  
Notary Public

(Notarial Seal)

My Commission expires May 17, 1982



STATE OF ILLINOIS     )  
                              )     SS  
COUNTY OF COOK        )

On this 2nd day of May, 1980, before me personally  
appeared D. N. Melin, to me personally known, who, being  
by me duly sworn, says that he  
is Vice President and Treasurer  
of Illinois Central Gulf Railroad Company, that one of  
the seals affixed to the foregoing instrument is the corporate  
seal of said corporation, that said instrument was signed and  
sealed on behalf of said corporation by authority of its Board  
of Directors and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

Virginia N. Shanahan  
Notary Public

(Notarial Seal)

My Commission expires May 4, 1980

# INDIVIDUAL EQUIPMENT RECORD

IER NO. 254-006

Dated as of May 7, 1980 to that Equipment Lease Agreement dated as of May 21, 1979

LESSOR: McDonnell Douglas Finance Corporation,  
3855 Lakewood Boulevard  
Long Beach, California 90846  
Attention: 18A-34

LESSEE: Illinois Central Gulf Railroad Company  
233 North Michigan Avenue  
Chicago, IL 60601

LOCATION OF EQUIPMENT: 233 North Michigan Avenue, Chicago, IL 60601

ACCEPTANCE DATE: May , 1980

New <input checked="" type="checkbox"/> Used <input type="checkbox"/>	Purchase Order No. _____	Term: <u>15</u> year(s) <u>0</u> month(s) Commencing _____	Security Deposit: \$ <u>N/A</u>
Tax Capitalized or Exempt <input checked="" type="checkbox"/> Tax Based on Rentals <input type="checkbox"/> Remit with each Payment	<b>INSURANCE REQUIREMENTS:</b> <del>XXXXXXXXXXXXXXXXXXXX</del> <del>XX</del> <del>XX</del> <b>As stated in Sec. 13 of the Equipment Lease.</b>		
<b>RENTAL:</b> \$ <u>44,185.05</u> payable upon execution of this IER, to be applied to the <u>First</u> rental installment. Payment of the <u>Second</u> through <u>One Hundred Eightieth</u> installments shall commence on <u>June 1, 1980</u> and shall continue <u>monthly</u> thereafter on the <u>1st</u> day of each <u>month</u> , with each such rental installment to be in the amount of \$ <u>44,185.05</u>			
EQUIPMENT DESCRIPTION AND SERIAL NO.(s) (SEE ATTACHED INVOICES):			Total Equipment Cost
Equipment Description	Serial No.'s		
One Hundred (100) Eighty-Three (83) Ton 40'8" All Steel Open-Top Coal Hopper Cars with Bottom Dump	Nos. 340600-699, both inclusive	\$3,380,000	



# STIPULATED LOSS VALUES

PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST	PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST	PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST
Before Payment 1		46	102.4	92	90.9
2	101.5	47	102.3	93	90.5
3	101.7	48	102.2	94	90.0
4	101.8	49	102.1	95	89.6
5	102.0	50	102.0	96	89.1
6	102.1	51	101.8	97	88.7
7	102.1	52	101.7	98	88.2
8	102.3	53	101.6	99	87.8
9	102.4	54	101.5	100	87.3
10	102.6	55	101.3	101	86.8
11	102.7	56	101.2	102	86.4
12	102.8	57	101.0	103	85.9
13	103.0	58	100.9	104	85.4
14	103.1	59	100.7	105	84.9
15	102.6	60	100.6	106	84.4
16	102.7	61	100.4	107	83.8
17	102.7	62	100.2	108	83.3
18	102.8	63	100.1	109	82.8
19	102.8	64	99.9	110	82.2
20	102.9	65	99.6	111	81.7
21	103.0	66	99.4	112	81.2
22	103.0	67	99.1	113	80.6
23	103.0	68	98.9	114	80.0
24	103.1	69	98.6	115	79.5
25	103.1	70	98.4	116	78.9
26	103.1	71	98.1	117	78.3
27	103.1	72	97.8	118	77.7
28	103.1	73	97.5	119	77.1
29	103.1	74	97.3	120	76.5
30	103.1	75	97.0	121	75.9
31	103.1	76	96.7	122	75.2
32	103.1	77	96.3	123	74.6
33	103.1	78	96.0	124	73.9
34	103.1	79	95.7	125	73.3
35	103.1	80	95.4	126	72.7
36	103.0	81	95.0	127	72.0
37	103.0	82	94.7	128	71.3
38	102.9	83	94.3	129	70.7
39	102.9	84	94.0	130	70.0
40	102.9	85	93.6	131	69.3
41	102.8	86	93.2	132	68.6
42	102.7	87	92.9	133	67.9
43	102.7	88	92.5	134	67.1
44	102.6	89	92.1	135	66.4
45	102.5	90	91.7	136	65.7
	102.4	91	91.3	137	65.0

# STIPULATED LOSS VALUES

PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST	PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST	PAYMENT NO.	STIPULATED LOSS AS A PERCENT OF ORIGINAL COST
138	64.2				
139	63.5				
140	62.7				
141	62.0				
142	61.2				
143	60.4				
144	59.6				
145	58.8				
146	58.0				
147	57.2				
148	56.4				
149	55.6				
150	54.8				
151	53.9				
152	53.1				
153	52.2				
154	51.4				
155	50.5				
156	49.6				
157	48.7				
158	47.8				
159	47.0				
160	46.1				
161	45.1				
162	44.2				
163	43.3				
164	42.4				
165	41.4				
166	40.5				
167	39.5				
168	38.5				
169	37.5				
170	36.5				
171	35.6				
172	34.6				
173	33.6				
174	32.6				
175	31.5				
176	30.5				
177	29.5				
178	28.4				
179	27.3				
180	26.2				
End of Term and Thereafter	25.0				

## SPECIAL CONDITIONS

1. Lessee represents and warrants that the equipment qualifies as "new Section 38 property" for (i) purposes of the Internal Revenue Code, and (ii) for the full amount of the Equipment Cost set forth on the face of this IER.
2. To the extent, that an Investment Tax Credit may be available with respect to the equipment described on the face of this IER, Lessor hereby elects to, pursuant to Section 48(a) of the Internal Revenue Code, "pass through" any such ITC to Lessee; provided, however, Lessor shall not be liable or responsible to Lessee, in any manner, whatsoever, if any Investment Tax Credit claimed by Lessee with respect to the equipment described on the face of this IER is disallowed, entirely or partially, for any reason, whatsoever, by the Internal Revenue Service.
3. The Lessee agrees to pay the rent set forth herein. Except for Lease Addendum No. 2, the covenants, terms and conditions appearing in that certain Equipment Lease Agreement dated as of May 21, 1979 (including Lease Addendum No. 1) between the undersigned Lessor and Lessee, shall be deemed to be incorporated herein by reference; provided, however, the Illinois Fraudulent Conveyance laws shall be applicable in lieu of laws of California pertaining to fraudulent conveyance transactions. This Individual Equipment Record shall be governed by and construed in accordance with the laws of the State of California, except as provided in the preceding sentence.

The undersigned Lessor hereby leases to the undersigned Lessee, and the undersigned Lessee agrees to hire from Lessor the equipment described herein. The Lessee hereby acknowledges and agrees, respecting the equipment described herein:

- (1) That Lessee has inspected the equipment fully and completely as to size, model, function and conformity to the purchase order,
- (2) That the equipment is of a size, design, function and manufacturer selected by Lessee,
- (3) That Lessee is satisfied that the same is suitable for its intended purposes and any special purposes of Lessee,

(4) LESSOR IS NOT A MANUFACTURER OF THE EQUIPMENT OR A DEALER IN SIMILAR EQUIPMENT AND HAS NOT INSPECTED THE EQUIPMENT PRIOR TO DELIVERY TO AND ACCEPTANCE BY LESSEE. LESSOR BY VIRTUE OF HAVING LEASED THE EQUIPMENT UNDER THIS LEASE OR BY VIRTUE OF ANY NEGOTIATIONS IN RESPECT TO THIS LEASE HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO CONDITIONS, QUALITY, DURABILITY, SUITABILITY, MERCHANTABILITY OR FITNESS FOR USE OR FITNESS FOR A PARTICULAR PURPOSE OR AS TO ANY OTHER WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT.

(5) That the equipment is new and unused, and that the equipment has been delivered to, is now in possession of and acceptable to Lessee.

LESSOR:  
MCDONNELL DOUGLAS FINANCE CORPORATION

By *N. V. Slack*  
Title *Chf. Pres.*

Seal:

LESSEE:  
ILLINOIS CENTRAL GULF RAILROAD COMPANY

By *D. W. Nelson*  
Title *VP & Treasurer*

Seal:

(REV. 5-79)

Attest: *CK Ph...*  
*And Secy*

ATTEST:

*John B. ...*  
Secretary

STATE OF CALIFORNIA )

) SS :

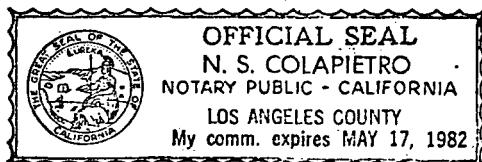
COUNTY OF LOS ANGELES )

On this 2d day of May, 1980, before me personally appeared Don V. Black, to me personally known, who, being by me duly sworn, says that he is Vice-President, Commercial and Industrial Financing of McDonnell Douglas Finance Corporation that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation..

N. S. Colapietro  
Notary Public

(Notarial Seal)

My Commission expires May 17, 1982



STATE OF ILLINOIS     )  
                              )  
COUNTY OF COOK        )     SS

On this 2nd day of May, 1980, before me personally  
appeared D. N. Melin, to me personally known, who, being  
by me duly sworn, says that he  
is Vice President and Treasurer

of Illinois Central Gulf Railroad Company, that one of  
the seals affixed to the foregoing instrument is the corporate  
seal of said corporation, that said instrument was signed and  
sealed on behalf of said corporation by authority of its Board  
of Directors and he acknowledged that the execution of the  
foregoing instrument was the free act and deed of said  
corporation.

Virginia N. Shanahan  
Notary Public

(Notarial Seal)

My Commission expires May 4, 1980